



## State of Utah

### Department of Natural Resources

MICHAEL R. STYLER  
*Executive Director*

### Division of Oil, Gas & Mining

JOHN R. BAZA  
*Division Director*

JON M. HUNTSMAN, JR.  
*Governor*

GARY R. HERBERT  
*Lieutenant Governor*

December 14, 2006

J Conrad Pugh  
1690 E Cannes Way  
Salt Lake City, Utah 84121

Subject: Reclamation Surety and Reclamation Contract, J Conrad Pugh, King 1, M0270078, Millard County, Utah

Dear Mr. Pugh:

On December 8, 2006, the Director of the Division of Oil, Gas and Mining signed the reclamation contract for the King 1 Mine Project Notice of Intention to Conduct Mining, file number M0270078. A copy of the executed reclamation contract/surety is enclosed for your records. This action has made it possible for your existing reclamation surety to be in place with the Division, however you should note that there are deficiencies either in your Notice of Intent or in your surety/bond amount that need to be rectified.

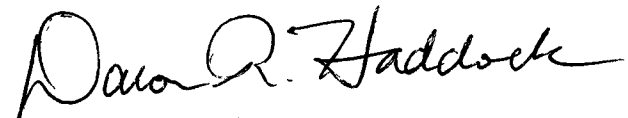
Right now the amount of surety/bond that is currently posted does not correspond with the information in your NOI. Based on the information in the NOI the Division has determined that you must post a surety in the amount of \$5,400. At the present time the average cost estimate for the first acre is \$5400 with \$3300 for each additional acre, which amounts to \$18,600 for a five-acre site.

If your Notice of Intent is not specific as to the area planned for disturbance, you may wish to amend the notice to more accurately reflect your plans. At such time as we receive and review an amended NOI we will determine an appropriate reclamation cost based on the new information and notify you of any changes needed to your surety/bond. If you choose not to amend your NOI we will expect the above stated amount to be filed with the Division within 30 days.

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Mr. Conrad Pugh  
M0270078  
December 15, 2006

If you have questions or concerns regarding this letter, please contact me at (801) 538-5325 or Tom Munson at 538-5321. Thank you for your help in completing this very important regulatory requirement.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being more prominent than the last name "Haddock".

Daron R. Haddock  
Permit Supervisor  
Minerals Regulatory Program

DRH:jb  
Enclosure: Copy of RC/surety  
cc: Will Stokes, SITLA  
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